

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE DISTRICT OF COLUMBIA
FEDERAL HIGHWAY TRUST FUND**



**CHARLES C. MADDOX, ESQ.
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



June 29, 2001

The Honorable Anthony A. Williams
Mayor
District of Columbia
441 4th Street, NW, Suite 1100S
Washington, D.C. 20001

Dear Mayor Williams:

The Office of the Inspector General has completed an audit of the comparative balance sheet of the District of Columbia Federal Highway Trust Fund, which is administered by the Department of Public Works, as of September 30, 2000, and the related comparative statement of revenues, expenditures and change in fund balance for the year then ended. As part of our review, we also examined the Fund's 5-year forecast of expenditure conditions and operations. We issued the draft report on May 31, 2001, to your Office, the Department of Public Works, and the Office of the Chief Financial Officer. No specific comments were submitted by the agencies for inclusion in this final report.

Our audit included a review of existing internal controls for the purpose of expressing an opinion on financial accounting records and determining the extent of substantive testing. The review was not intended to be an exhaustive study of the internal controls for making detailed recommendations, and would not have necessarily disclosed all weaknesses in the system. Additionally, we tested for compliance with the provisions of selected laws and regulations. Although we found no instances of noncompliance that would be reportable under generally accepted government auditing standards, please note that the objective of our audit was not to provide an opinion on overall compliance with such provisions.

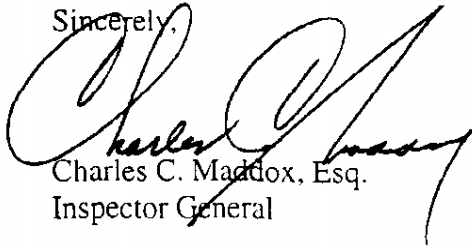
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District of Columbia Highway Trust Fund as of September 30, 2000, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Additionally, in our opinion, the accompanying forecasted statements are presented in conformity with guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants. The underlying assumptions made and methodology used to develop the statements provided a reasonable basis for the first 5 years of the 7-year forecast.

Mayor Anthony A. Williams
June 29, 2001
Page 2 of 3

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions, please call me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles C. Maddox". The signature is stylized with large, flowing loops and a long horizontal stroke at the end.

Charles C. Maddox, Esq.
Inspector General

CM/fb

Enclosure

cc: See attached page for distribution list

DISTRIBUTION:

The Honorable Anthony A. Williams, Mayor, District of Columbia (1 copy)
Mr. John A. Koskinen, Deputy Mayor and City Administrator (1 copy)
Ms. Peggy Armstrong, Mayor's Press Secretary (1 copy)
Ms. Lydia Sermons, Director, Office of Communications (1 copy)
The Honorable Alice M. Rivlin, Chairman, DCFRA (1 copy)
Mr. Francis Smith, Executive Director, DCFRA (1 copy)
Mr. Johnnie Hemphill, Chief of Staff, DCFRA (5 copies)
The Honorable Linda W. Cropp, Chairman, Council of the District of Columbia (1 copy)
Ms. Phyllis Jones, Secretary to the Council (13 copies)
The Honorable Vincent B. Orange, Sr., Chairperson, Committee on Government Operations, Council of the District of Columbia (1 copy)
Dr. Natwar M. Gandhi, Chief Financial Officer (4 copies)
Ms. Deborah K. Nichols, D.C. Auditor (1 copy)
Mr. Jeffrey C. Steinhoff, Assistant Comptroller General, GAO (1 copy)
Ms. Gloria Jarmon, Director, Civil Audits, HEHS, GAO (1 copy)
The Honorable Eleanor Holmes Norton, D.C. Delegate, House of Representatives (1 copy)
Mr. Jon Bouker, Office of the Honorable Eleanor Holmes Norton (1 copy)
The Honorable Joe Knollenberg, Chairman, House Subcommittee on D.C. Appropriations (1 copy)
Mr. Jeff Onizuk, Legislative Director, Office of the Honorable Joe Knollenberg (1 copy)
Mr. Migo Miconi, Staff Assistant, House Subcommittee on D.C. Appropriations (1 copy)
The Honorable James P. Moran, Jr., House Committee on Appropriations (1 copy)
Mr. Tim Aiken, Legislative Assistant, Office of the Honorable James Moran (1 copy)
The Honorable Connie Morella, Chairman, House Subcommittee on D.C. Government Reform, Subcommittee on D.C. (1 copy)
Mr. Russell Smith, Staff Director, House Subcommittee on D.C. Government Reform, (1 copy)
The Honorable George V. Voinovich, Chairman, Senate Subcommittee on D.C. Government Oversight (1 copy)
Mr. Mason Alinger, Professional Staff Member, Senate Subcommittee on D.C. Government Oversight, (1 copy)
The Honorable Mike DeWine, Chairman, Senate Subcommittee on D.C. Appropriations (1 copy)
Mr. Stan Skocki, Legislative Assistant, Senate Subcommittee on D.C. Appropriations (1 copy)
Ms. Mary Beth Nethercutt, Clerk, Senate Subcommittee on D.C. Appropriations (1 copy)
Mr. Herbert J. Huff, Deputy Chief Financial Officer for Tax and Revenue (1 copy)
Ms. Leslie Hotaling, Director, D.C. Department of Public Works (1 copy)
Mr. Dan Tangherlini, Acting Director, District Division of Transportation (1 copy)
Mr. Anthony F. Pompa, Deputy Chief Financial Officer (1 copy)

AUDIT OF THE
DISTRICT OF COLUMBIA
FEDERAL HIGHWAY TRUST FUND
OIG No. 01-2-09 KA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000

TABLE OF CONTENTS

	<u>Page</u>
Auditor's Report on Financial Statements.....	1
Comparative Balance Sheets.....	3
Comparative Statements of Revenues, Expenditures and Change in Fund Balance.....	4
Summary of Significant Accounting Policies.....	5
Forecasted Statements.....	9
Auditor's Report on Internal Controls.....	14
Auditor's Report on Compliance.....	16

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



June 29, 2001

Auditor's Report on Financial Statements

The Honorable Anthony A. Williams
Mayor
District of Columbia
441 N. 4th Street, NW, Suite 1150N
Washington, D.C. 20001

Dear Mayor Williams:

We have audited the accompanying financial statements of the District of Columbia Highway Trust Fund (Fund) for the fiscal year ended September 30, 2000, and completed our examination of the forecasted statements of the Fund's expected conditions and operations for the next five years. These financial statements and the forecasted statements are the responsibility of the District's Chief Financial Officer. Our responsibility is to express an opinion on these financial statements and forecasted statements based on the results of our audit.

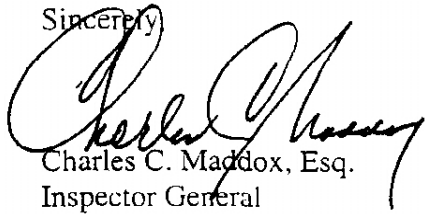
We conducted our audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District of Columbia Highway Trust Fund as of September 30, 2000, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Additionally, in our opinion, the accompanying forecasted statements are presented in conformity with guidelines for the presentation of forecasted information as established by the American Institute of Certified Public Accountants. The underlying assumptions made and methodology used to develop the statements provided a reasonable basis for the first 5 years of the 7-year forecast. However, there may be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The results of our test indicate that, for the items tested, the Fund was substantially in compliance with applicable laws and regulations. With respect to the transactions not tested, nothing came to our attention that would indicate that the Fund was not in compliance with the aforementioned laws and regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles C. Maddox". The signature is fluid and cursive, with a large initial "C" and "M".

Charles C. Maddox, Esq.
Inspector General

CM/fb

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2000 AND 1999**

ASSETS	<u>2000</u>	<u>1999</u>
Current Assets:		
Cash and Investments	\$ 73,963,087	\$ 59,534,981
Receivables-Motor fuel tax revenues	2,617,243	3,493,613
Due from General fund	<u>3,869,413</u>	<u>1,662,263</u>
Total Assets	<u>\$ 80,449,743</u>	<u>\$ 64,690,857</u>
 LIABILITIES & FUND BALANCE		
Current Liabilities:		
Payables:		
Refunds	\$ 90,228	\$ 145,769
Capital Operating Fund	<u>8,516,794</u>	<u>1,673,134</u>
Total Current Liabilities	<u>\$ 8,607,022</u>	<u>\$ 1,818,903</u>
 Long-Term Liabilities		
Payables:		
Retainage	\$ 880,057	\$ 1,505,961
Capital Operating Accounts Payable	<u>5,000,000</u>	<u>5,000,000</u>
	\$ 5,880,057	\$ 6,505,961
Total Long Liabilities	<u>\$ 14,487,079</u>	<u>\$ 8,324,864</u>
 Fund Balance:		
Restricted	65,962,664	56,365,993
Total Liabilities & Fund Balance	<u>\$ 80,449,743</u>	<u>\$ 64,690,857</u>

The accompanying notes are an integral part of these financial statements.

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2000 AND 1999**

Revenues	2000	1999
Motor Fuel Tax	\$ 31,829,159	\$ 31,073,369
Interest Income	<u>3,615,314</u>	<u>2,336,187</u>
Total Revenue	<u>\$ 35,444,473</u>	<u>\$ 33,409,556</u>
Expenditures		
Capital Appropriated Expenditures		
Design, Site, Construction, and Equipment Costs	\$ 21,800,574	\$ 15,108,925
Project Mgmt Costs	2,759,309	1,771,701
Non-Participating Costs	<u>(547,490)</u>	<u>2,752,056</u>
Net Expenditures	<u>24,012,393</u>	<u>19,632,682</u>
(Note 1)	<u>(7,339)</u>	
Total Net Expenditures	<u>\$ 24,005,054</u>	<u>\$ 19,632,682</u>
Excess of Revenues over Expenses	\$ 11,439,419	\$ 13,776,874
Fund Balance at October 1, 1999	56,365,993	42,589,119
Prior Period Adjustment (Note 2)	<u>(1,842,749)</u>	<u>-</u>
Fund Balance at September 30, 2000	<u>\$ 65,962,663</u>	<u>\$ 56,365,993</u>

The accompanying notes are an integral part of these financial statements

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000**

BACKGROUND

The District of Columbia Emergency Highway Relief Act (Act), Pub. L. No. 104-21, 109 Stat. 257, August 4, 1995, D.C. Code § 7-134.1 - 7-134.3, allowed the Federal Government to increase its share of eligible project costs to fund the District of Columbia's (District) share of highway project costs under Title 23, United States Code, for fiscal years 1995 and 1996. The Act also required the District to establish a Highway Trust Fund and revolving fund account to finance and pay for highway projects.

Consistent with the Act's requirements, the District established a dedicated Highway Trust Fund separate from the District's General Fund. The Highway Trust Fund is comprised of amounts equivalent to all motor vehicle fuel tax receipts, fees, civil fines and penalties collected by the District pursuant to D.C. Code Chpt. 23 Title 47. D.C. Code § 7-134.4(c). The receipts are required to be deposited to the fund by the Mayor on a monthly basis. The amounts in the fund are to be sufficient to repay the Department of Transportation's Federal Highway Administration (FHWA) for the increased federal share of project costs during fiscal years 1995 and 1996, and to pay the District's cost-sharing requirements for eligible federal-aid highway projects under Title 23, United States Code beginning with fiscal year 1997. D.C. Code § 7-134.4(d).

Also consistent with the Act's requirements, the District established a Revolving Fund account separate from the Capital Operating Fund of the Department of Public Works and reserved for the prompt payment of contractors completing federal-aid highway projects in the District. D.C. Code § 7-134.3(b).

BASIS OF PRESENTATION

The District uses the Highway Trust Fund to report on the Fund's financial position and the results of its operations. Government fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate accounting classification with a self-balancing set of accounts.

The Highway Trust Fund is an Agency Fund, which is used to account for the monies held in escrow by the District as an agent for the motor vehicle fuel taxes and fees collected for the District's share of federal-aid highway projects. The District accounts for the construction of federal-aid highway projects, which are mostly financed by FHWA grants in the Capital Projects Fund. The monies from the Highway Trust Fund are transferred on a reimbursement basis into the Capital Projects Fund to cover the District's share of the federal-aid highway projects.

BASIS OF ACCOUNTING

The modified accrual basis of accounting is used for the Highway Trust Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period, or soon thereafter, to be used to pay liabilities of the current period.

Those revenues susceptible to accrual are sales and use taxes and interest. Sales and use taxes are recognized as revenue when the sale and use take place. Interest is recognized as revenue through the passage of time.

CASH AND INVESTMENTS

Highway Trust Fund cash is deposited with Bank of America. The monies are invested for varying durations, depending on the timing of the need to pay expenditures. D.C. Law 12-56, Financial Institutions Deposit and Investment Amendment Act of 1997 provides the District with investment options. Through September 30, 2000, the District invested Highway Trust Fund cash in obligations of the United States or its agencies through repurchase agreements. Such investments are considered to be the equivalents of cash because they are low-risk, short-term (90 days or less) investments.

RECEIVABLES AND PAYABLES

Taxes receivable are taxes levied by the District, to include interest penalties on delinquent taxes, which have not been collected, canceled, or abated, less the portion of the receivables estimated not to be collectible. Accounts receivable/payable are amounts owed by/to customers or vendors for goods and services sold or purchased. Interfund receivables/payables or transfers in/out are amounts owed or conveyed between funds in the government. Amounts due within one year are classified as current receivables/payables in the balance sheet.

RESTRICTED ASSETS AND LIABILITIES

All assets are restricted as to use by legal or contractual agreements. The Highway Trust Fund includes certain assets and liabilities arising from dedicated taxes that are legally restricted for certain highway projects.

ESTIMATES

The preparation of financial statements and seven-year forecasted statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CURRENT ASSETS

Cash and Investments - As required by law, the bank balance was entirely insured or collateralized with securities held by the bank's agent in the District's name. The carrying amount and bank balances of deposit as of September 30 are listed below:

	2000	1999
Highway Trust Fund Account	\$ 63,238,215	\$ 53,228,173
Revolving Fund Account	10,724,871	6,306,808
Total	\$ 73,963,086	\$ 59,534,981

Receivables – Motor fuel tax revenues – Represents motor fuel taxes recognized at September 30, 2000, which were subsequently collected.

Due from General Fund – The Highway Trust Fund (Fund 320) participates in the pooled cash process of the District of Columbia. Although the accounting is maintained separately by fund, certain District Treasury-controlled accounts are used for some transactions. At year-end, there is an accounting performed to determine if monies are due to the General fund or due from the General Fund. In the case of Fund 320, these District Treasury-controlled accounts had deposits in excess of payments.

CURRENT LIABILITIES

Refunds – Represent refunds due to Greyhound Bus Company and other owners of out-of-town buses who pay the motor fuel tax but are due a rebate on the amount of fuel used outside of the District.

Capital Operating Fund – Represents fiscal year expenditures paid from the operating fund which are reimbursable from the Highway Trust Fund.

LONG TERM LIABILITIES

Certain payables that the District does not expect to pay within one year are classified as long-term liabilities:

Retainage – A percentage (up to 10 percent unless otherwise noted) of the contract cost that is withheld to ensure that the contractor completes the job. Once all requirements are met, the contractor is paid the retainage through succeeding partial payment requests or at the end of the contract.

Capital Operating Account Payable - The District's Capital Project Fund advanced \$5 million in 1996 to establish the Highway Trust Fund revolving bank account. Repayment of this amount is not expected prior to fiscal year 2004.

Restricted Fund Balance – Fund balance restricted as to use by legal or contractual agreements.

REVENUES

The Highway Trust Fund revenue consists of use taxes earned on motor fuel sold, at the wholesale level, in the District from October 1 through September 30 for each fiscal year and interest revenue earned from short-term (overnight) investment of cash in the Highway Trust Fund and revolving fund accounts.

EXPENDITURES

The total represents capital appropriated expenditures for the period October 1 through September 30 for each fiscal year. These expenditures that are payable from the Highway Trust Fund include the following:

- Payment of the District's share of federal-aid highway project costs
- In-house capital outlay labor costs (DPW personnel)
- A specific portion of the locally funded capital projects during fiscal year 2000.

Note 1 - Transaction Code 471 (decrease in expense, not expenditure) reduced cash expenditures of the Highway Trust Fund by \$7,339.36. A journal voucher was made on March 28, 2001, which reversed this error.

PRIOR PERIOD ADJUSTMENT (Note 2)

The prior auditor, the General Accounting Office (GAO), adjusted the Fund's FY 1999 Financial Statements in the amount of \$1.8 million based on "Split-Conversion" errors identified during the data conversion from the District's financial management system to the District's System of Accounting and Reporting (SOAR). As a result, GAO reported the Fund Balance on September 30, 1999, at \$56,365,993; whereas the beginning Fund Balance in the District's SOAR at October 1, 1999 was recorded at \$54,523,244. Therefore, the adjustment of \$1.8 million corrects the overstatement of expenditures and brings the Fund Balance in line with the audited Financial Statements as reported in FY 2000 Comprehensive Annual Financial Report.

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
FORECASTED STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000**

The seven-year forecast, which is published for the FY 2001 Capital Budget and FYs 2001 – 2007 Capital Improvement Plan, presents, to the best of management's knowledge and belief, the Highway Trust Fund's expected cash flows from FYs 2001 to 2007. Accordingly, the forecast reflects management's judgment, as of February 15, 2001, of the funds expected conditions, operations, and course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently change due to the nature of the activities covered by the fund (major design and construction), and those differences may be material.

The seven-year forecasted statements are based on the following assumptions:

- The D.C. Transportation Trust Fund columns represent local revenue sources and the District's share of project expenditures that are subject to the federal aid match.
- The Federal Aid columns represent the federal aid commitment balances and projection of matching grants for known highway projects.
- The FY 2000 amounts are based on actual amounts included in the District's FY 2000 Comprehensive Annual Financial Report (CAFR). This includes the beginning Highway Trust Fund balances for the local share and federal aid. The local share equals the audited cash and investment amounts as of September 30, 1999, plus the FY 2000 collections of receivables as of September 30, 2000, less the FY 2000 payments of the audited outstanding liabilities as of September 30, 2000. The federal aid amount includes the federal share of FHWA financed projects in progress or completed, but not closed.
- Interest earned is estimated using a 6.25 percent annual interest rate on the rolling monthly average cash balance.
- The estimated uses for project management, non-participating costs, design, site construction, and equipment costs are based on the actual estimated completion date for the phase of each federal-aid highway project. The project management and design, site, construction, and equipment costs, which are eligible for federal aid match, are allocated based on the federal and local share of each individual project. The non-participating costs are those costs that are not eligible for federal aid match and include overhead construction engineering costs, utility and sewage repair, and construction enhancement not covered by FHWA. Cost estimates have been included for local projects funded from the Federal redistributed Barney Circle allocations of \$98 million. The anticipated spending for these local projects has been incorporated in the annual projections. These funds also require a 15 percent District match. This matching requirement is obtained from the District's Highway Trust Fund.
- The District assumes that the \$5 million in the revolving fund account, which was borrowed from the District's Capital Operating Fund to establish the revolving fund bank account, will not require repayment prior to fiscal year 2004.

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
TRANSPORTION CAPITAL PROGRAM
FINANCIAL FORECASTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2000, AND 2001**

SOURCES	D.C. Transportation Trust Fund <u>FY 2000</u>	Federal Aid <u>FY 2000</u>	Total <u>FY 2000</u>	D.C. Transportation Trust Fund <u>FY 2001</u>	Federal Aid <u>FY 2001</u>	Total <u>FY 2001</u>
Beginning Balance	\$56,365,993	\$514,137,480	\$570,503,473	\$65,962,663	\$505,194,254	\$572,992,327
Interest Earnings	3,615,314	0	3,615,314	4,156,306	0	4,156,306
Motor Fuel Tax	31,829,159	0	31,829,159	31,000,000	0	31,000,000
Fuel Aid Apportionment	0	111,968,000	111,968,000	0	118,600,000	118,600,000
Total	\$91,810,466	\$626,105,480	\$717,915,946	\$101,118,969	\$623,794,254	\$726,748,633
USES						
Estimated Project Management	\$2,759,309	\$12,488,700	\$15,248,009	\$2,356,491	\$14,438,357	\$16,794,848
Est. Non-Participating Costs	(547,490)	0	(547,490)	1,604,905	0	1,604,905
Est. Design, Site, Construction, and Equipment Cost	21,800,574	108,422,526	130,223,100	29,546,118	173,241,957	202,788,075
Sub Total	\$24,012,393	\$120,911,226	\$144,923,619	\$33,507,514	\$187,680,314	\$221,187,828
Less Adjustment	7,339					
Total	24,005,054					
Prior Year Adjustment	(1,842,749)					
ENDING BALANCE	\$65,962,663	\$505,194,254	\$572,992,327	\$67,611,455	\$436,113,940	\$505,560,805
REVOLVING FUND BALANCE	\$5,000,000			\$5,000,000		

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
TRANSPORTION CAPITAL PROGRAM
FINANCIAL FORECASTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002, AND 2003**

	D.C. Transportation Trust Fund <u>FY 2002</u>	Federal Aid <u>FY 2002</u>	Total <u>FY 2002</u>	D.C. Transportation Trust Fund <u>FY 2003</u>	Federal Aid <u>FY 2003</u>	Total <u>FY 2003</u>
SOURCES						
Beginning Balance	\$67,611,455	\$436,113,940	\$505,560,805	\$53,623,035	\$292,328,190	\$347,786,635
Interest Earnings	3,737,194	0	3,737,194	2,972,807	0	2,972,807
Motor Fuel Tax	31,000,000	0	31,000,000	31,000,000	0	31,000,000
Fuel Aid Apportionment	0	110,000,000	110,000,000	0	110,000,000	110,000,000
Total	\$102,348,649	\$546,113,940	\$650,297,999	\$87,595,842	\$402,328,190	\$491,759,442
USES						
Est. Project Management	\$4,435,285	\$24,111,194	\$28,546,479	\$4,943,215	\$23,892,291	\$28,835,506
Est. Non-Participating Costs	2,445,039	0	2,445,039	2,298,600	0	2,298,600
Est. Design, Site, Construction, and Equipment Cost	41,845,290	229,674,556	271,519,846	37,560,982	201,727,317	239,288,299
Total	48,725,614	253,785,750	302,511,364	44,802,797	225,619,608	270,422,405
ENDING BALANCE	\$53,623,035	\$292,328,190	\$347,786,635	\$42,793,045	\$176,708,582	\$221,337,037
REVOLVING FUND BALANCE	\$5,000,000			\$5,000,000		

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
TRANSPORTION CAPITAL PROGRAM
FINANCIAL FORECASTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2004, AND 2005**

	D.C. Transportation Trust Fund <u>FY 2004</u>	Federal Aid <u>FY 2004</u>	Total <u>FY 2004</u>	D.C. Transportation Trust Fund <u>FY 2005</u>	Federal Aid <u>FY 2005</u>	Total <u>FY 2005</u>
SOURCES						
Beginning Balance	\$42,793,045	\$176,708,582	\$221,337,037	\$31,727,682	\$87,519,586	\$121,082,678
Interest Earnings	2,291,587	0	2,291,587	1,884,156	0	1,884,156
Motor Fuel Tax	31,000,000	0	31,000,000	31,000,000	0	31,000,000
Fuel Aid Apportionment	0	114,000,000	114,000,000	0	114,000,000	114,000,000
Total	\$76,084,632	\$290,708,582	\$368,628,624	\$64,611,838	201,519,586	\$267,966,834
USES						
Est. Project Management	\$4,988,516	\$21,987,024	26,975,540	5,269,620	18,218,637	23,488,257
Est. Non-Participating Costs	2,293,071	0	2,293,071	1,952,414	0	1,952,414
Est. Design, Site, Construction, and Equipment Cost	37,075,363	181,201,972	218,277,335	28,316,589	148,838,956	177,155,545
Total	44,356,950	203,188,996	247,545,946	35,538,623	167,057,593	202,596,216
ENDING BALANCE	\$31,727,682	\$87,519,586	\$121,082,678	\$29,073,215	\$34,461,993	\$65,370,618
REVOLVING FUND BALANCE	\$5,000,000			\$5,000,000		

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND
TRANSPORTION CAPITAL PROGRAM
FINANCIAL FORECASTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2006, AND 2007**

	D.C. Transportation Trust Fund <u>FY 2006</u>	Federal Aid <u>FY 2006</u>	Total <u>FY 2006</u>	D.C. Transportation Trust Fund <u>FY 2007</u>	Federal Aid <u>FY 2007</u>	Total <u>FY 2007</u>
SOURCES						
Beginning Balance	\$29,073,215	\$34,461,993	\$65,370,618	\$34,555,702	\$17,748,870	\$54,139,982
Interest Earnings	1,990,544	0	1,990,544	2,064,890	0	2,064,890
Motor Fuel Tax	31,000,000	0	31,000,000	31,000,000	0	31,000,000
Fuel Aid Apportionment	0	114,000,000	114,000,000	0	114,000,000	114,000,000
Total	\$62,063,759	\$148,461,993	\$212,361,162	\$67,620,592	\$131,748,870	\$201,204,872
USES						
Est. Project Management	\$4,617,783	\$15,099,963	\$19,717,746	\$5,717,829	\$16,845,416	\$22,563,245
Est. Non-Participating Costs	1,555,097	0	1,555,097	1,981,685	0	1,981,685
Est. Design, Site, Construction, and Equipment Cost	21,335,177	115,613,160	136,948,337	27,872,964	134,808,013	162,680,977
Total	27,508,057	130,713,123	158,221,180	35,572,478	151,653,429	187,225,907
ENDING BALANCE	\$34,555,702	17,748,870	\$54,139,982	\$32,048,114	(\$19,904,559)	\$13,978,965
REVOLVING FUND BALANCE	\$5,000,000					

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



June 29, 2001

Auditor's Report on Internal Controls

The Honorable Anthony A. Williams
Mayor
District of Columbia
441 4th Street, NW, Suite 1100S
Washington, D.C. 20001

Dear Mayor Williams:

We have audited the comparative balance sheet of the District of Columbia Federal Highway Trust Fund as of September 30, 2000, and the related comparative statement of revenues, expenditures and change in fund balance for the year then ended. As part of our review we also examined the Fund's 5-year forecast of expenditure conditions and operations.

We conducted our audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements and our examination of the 5-year forecast of the District of Columbia Federal Highway Trust Fund for the year ended September 30, 2000, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and the 5-year forecast, and not to provide assurance on the internal control structure.

The management of the District of Columbia Federal Highway Trust Fund is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with

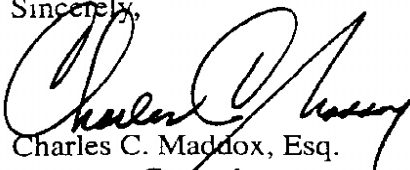
management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: Cash Receipts, Cash Disbursements, Receivables, Payables and Expenditures, and General Ledger. For the internal control structure listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and assessed control risk.

Our review of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above. Additionally, we determined that all prior year recommendations that were within the scope of this audit had been implemented.

Sincerely,



Charles C. Maddox, Esq.
Inspector General

CM/fb

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



June 29, 2001

Auditor's Report on Compliance

The Honorable Anthony A. Williams
Mayor
District of Columbia
441 4th Street, NW, Suite 1100S
Washington, D.C.

Dear Mayor Williams:

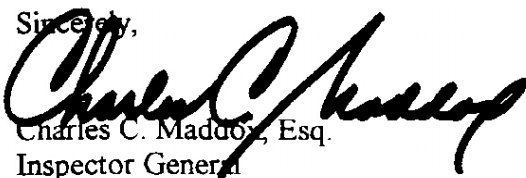
We have audited the comparative balance sheet of the District of Columbia Federal Highway Trust Fund as of September 30, 2000, and the related comparative statement of revenues, expenditures and change in fund balance for the year then ended. As part of our review we also examined the Fund's 5-year forecast of expenditure conditions and operations.

We conducted our audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

Compliance with laws and regulations applicable to the District of Columbia Federal Highway Trust Fund (Fund) is the responsibility of the Fund's management. As part of obtaining reasonable assurance whether the financial statements and the 5-year forecast are free of material misstatement, we performed tests of the Fund's compliance with certain provision of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, for the items tested, the Fund was substantially in compliance with applicable laws and regulations. With respect to the transactions not tested, nothing came to our attention that would indicate that the Fund was not in compliance with the aforementioned laws and regulations.

Sincerely,


Charles C. Maddox, Esq.
Inspector General

CM/fb